



## **2006 State of the State Address**

Thank you Speaker Murphy.  
President Montalbano;  
My fellow general officers;  
Members of the judiciary;  
My cabinet directors;  
Distinguished guests;  
Members of the diplomatic corps;  
And fellow Rhode Islanders;

A special thank you to members of my family here tonight, my daughters Sarah and Jill; and, most especially, to my wife of 40 years, who cares as deeply as I do about our State - First Lady, Sue Carcieri.

In spite of her own health issues this past year, she continues to lead our state's Wellness Initiative – determined to make Rhode Island the first “well-state” in the nation. She also conceived of the *Celebrate Rhode Island Ball*, which last Friday hosted over a thousand people, and raised \$130,000 for the Good Neighbor Energy Fund.

She's also the devoted mother of our 4 children, and proud grand-mother to our 13 grandchildren. Thank you for all you do for our state.

My fellow Rhode Islanders, this is my fourth State of the State Address, and today I am more excited than ever.

- Jobs are growing
- Investment is booming
- Incomes are rising
- Tax relief is beginning
- Educational results are improving
- Parks and open spaces are increasing
- Narragansett Bay is getting cleaner
- And, our state's credit rating was upgraded to AA.

The state of the state is vibrant and dynamic!

More Rhode Islanders are working than ever before. We are the New England leader in creating jobs.

When I took office, we set a goal to add 20,000 net new jobs in 4 years. We are on track, with 14,000 through December.

And most recently, Fidelity announced a plan for a third building and a thousand new jobs. The tax incentives you passed were a big help.

And there's more good news. Last year, while the federal government was closing military bases around the country – Rhode Island gained 500 new jobs. And there's a reason. Rhode Island truly is a leader in naval training and technology. Beyond that, the marine trades and boat building have become one of our major industries. The Ocean State is indeed a center of ocean technology.

Investments at Quonset continue to pay off. We are adding new companies and new jobs. If you haven't been there lately, drive down and take a look.

Ocean State Job Lot has completed its new facility. Brown & Sharpe's new building is well along, and many other expansions are underway. Soon we will have over 7,000 people employed in 147 companies there.

But Quonset is not the only place where exciting things are happening. Today, we are in the middle of an absolute construction boom.

Private companies are investing more than \$4.9 billion in projects all over the state -- condos, apartments, hotels, office buildings, manufacturing plants, retail space and warehouses.

They have confidence in us. And we have confidence in ourselves. We are investing another \$1.7B in roads, bridges, airports, schools, and train stations.

We also sold the Westin Hotel for over \$100 million, and took control of the Dunkin Donuts Center with a plan to make it a first-class facility connected to our beautiful Convention Center.

Combined, that's almost \$7 billion! By far, the largest construction boom in our state's history.

To keep this entire momentum going, we are concentrating on 4 things:

**First**, to focus our economic strategy on innovation, based on science and technology.

**Second**, to fuel that economy with our young people performing at world class levels in math and science.

**Third**, to reduce the tax burden of government. To lower taxes, we must control government spending.

**Finally**, to maintain that special quality of life that makes people want to live here in Rhode Island.

I'll start tonight with our economic strategy. Science and technology are keys to higher paying jobs. Nine months ago, I created a Science and Technology Advisory Council composed of world-class leaders in science and business. Just days ago, that group made a number of recommendations to me, to guide Rhode Island in creating a vibrant innovation economy.

This is our ACTION PLAN!

**First**, we must expand the research capacity of our universities and strengthen our ability to attract top notch scientists. Under the leadership of my Science Council, the federal government recently awarded us more than \$6 million in new research grants. The state will supplement this for a total pool of \$10 million. This fund is to stimulate new ideas for businesses and build a foundation for the jobs of tomorrow.

**Second**, we intend to make unprecedented investments in research at U.R.I. Along with University leaders, I am asking the voters to approve a bold vision for a \$140M science center. With this investment, we can make the university a leader in important fields like chemistry, pharmacy, and nursing. Last year's investment is Dr. Ballard's Inner Space Center, at the Graduate School of Oceanography, has already positioned the Ocean State as the International Center for Ocean Exploration.

**Third**, we must enact a Science and Technology Tax Credit. This credit is geared to stimulate investment in high-tech startups and attract to Rhode Island the entrepreneurs who create high paying jobs.

**Finally**, Rhode Island is poised to become the first state in the nation to be wireless border to border. The opportunities for business, healthcare and education are limitless. It requires a public investment, but promises to pay off in the future with new jobs.

To fuel that economy we are implementing programs to significantly upgrade our students' preparation in math and science. Following on last year's State of the State Address I established and co-chaired a Blue Ribbon Panel on Mathematics and Science Education. That panel was made up of education and business leaders from around the state.

This summer, the panel made several recommendations to me that will make Rhode Island schools national leaders in science, math, and technology. To accomplish those, I propose \$15 million in targeted investments that will:

1. Improve coordination and collaboration between schools, colleges and employers;
2. Attract more people to teach math and science;
3. Improve teacher training in math and science, especially at the elementary level; and,
4. Provide increased opportunities for all of our students to engage in more rigorous programs of study.

We are already piloting a new “Physics First” program in 5 of our school districts. Just today, Nobel physicist, Dr. Leon Lederman, the father of “physics First”, spoke to our teachers and students about the importance of physics as a building block in science education. We are also testing in Central Falls, “I Can Learn”, an exciting new technique for teaching Algebra.

Our suburban and rural schools are ready to meet this challenge. They are performing above the national average. But we all know, we need to lift the performance of our urban schools. There are encouraging signs in public elementary schools, charter schools, and private schools.

It is the job of the cities to uplift their schools. But the state has a responsibility to step in when schools continue to fail. Hope High School is a case in point. The state’s intervention is beginning to make real improvements. That’s a testament to the cooperation of parents, students, administrators, and the leadership and members of the Providence Teachers Union.

I suggest that we need to go further!

I will create a working group of community leaders to develop a plan for a single, Metropolitan School District, to initially include Providence, Central Falls and Pawtucket. The combination of these districts could produce significant efficiencies in administration, transportation, standardized curriculum, and infrastructure.

And a single district will make it easier for children and families in the urban region. Many students transfer among the three districts today, so uniformity of the educational systems would benefit those children. This will require extensive study, but I believe the benefits for those children could be great.

A single urban district can be a model for the state for innovative educational programs.

We will launch pilot projects to improve student performance by extending the school day, expanding the teacher year for additional training, re-evaluating the middle schools, and increasing the number of public charter schools.

This is an ambitious agenda. Foremost in the learning process are good teachers – and we have some outstanding ones. Here tonight are two of our best: Milken National Award Winners, Diana Petrosinelli and Andrew Wallace. They each received \$25,000 cash awards for their exemplary work. Please join me in recognizing their dedication to our children.

Let's remember that teachers can't do this job alone. Sue and I know this first hand, we both taught school. Teachers need the strong support of public officials. And most importantly, they need the support of parents. A strong 2-parent family, actively engaged in their children's education, is a virtual guarantee of results.

Less time in front of a TV, and more time reading. That works!!

I am committed to working closely together with all of you to make sure that we prepare our children for the 21<sup>st</sup> century. To keep our children here, and to attract the businesses to employ them, we need to reduce our tax burden. We have made progress, but it's not enough. I am committed to working with you to create long-term, systemic tax relief.

Last year, with the overwhelming concurrence of this General Assembly, we resumed the phase-out of the car tax. 38,000 cars are no longer taxed. All Rhode Islanders thank you for that.

And my budget will keep the promise we made last year to eliminate the car tax. By dedicating the increased revenues from Lincoln Park and Newport Grand to tax relief, we will completely eliminate the car tax within 5 years. That puts money directly in your pockets!

We all know that Rhode Islanders need more tax relief, but to do that, we must reduce the growth rate of government spending. Last year, we reached an historic agreement to reform the state pension system, saving Rhode Islanders nearly \$250 million over the next 5 years.

And, the Big Audit is alive and well. By the end of this year, cumulative savings from the Fiscal Fitness program will exceed \$140 million. We have done this through better business practices, elimination of redundancies, 21<sup>st</sup> century technology, and just plain hard negotiating. And we have just begun!

Because of these efforts, since I took office, there have been no broad-based tax increases. And every budget has been balanced. But we must do more!

I will propose a number of critical reforms to reduce spending, not just for the next year, but for the long term fiscal health of the state. We will reform the state personnel system this year, just as we reformed the state pension system last year. We

will reduce the number of middle managers in state government and run our operations more efficiently. To do that, I will need your help.

We will reform the massive human service entitlement programs that have been built up over the last decade. The growth rate of these programs is not sustainable! My budget will propose a number of important reforms to our welfare system. We will put more Rhode Islanders to work faster, encourage self-sufficiency and promote healthier choices.

Further, to enforce greater spending discipline, I will support a Constitutional Amendment that limits the overall growth in state spending to an inflation adjusted amount. Many states have enacted such laws with great success.

Locally, cities and towns must slow their property tax increases. Last year, I refused to approve any property tax increases in excess of the 5.5% cap. Every city and town was able to live within that cap. But our property taxes are still too high. I believe that cap should be lower, and will submit a budget article to reduce it more in line with personal income growth. These two disciplines will allow us to lower the tax burden on all Rhode Island families – and that’s a good thing!

Now we all know that we enjoy a special quality of life here in Rhode Island. To maintain that special quality, my priorities are to provide affordable health care, control energy prices, and protect our environment.

First, health care must be affordable, accessible, and high quality. Several months ago, I announced a 5-point strategy to improve health care in Rhode Island. It focuses on:

1. A new affordable health plan for small businesses and individuals;
2. Increasing wellness programs across the state;
3. Making major investments in health care technology;
4. Developing centers of excellence at our hospitals; and
5. Leveraging the state’s own purchasing power.

We are moving ahead on all 5 fronts. Within the next few weeks I will launch a major health care reform and investment initiative.

Energy costs also impact our quality of life and our economy. Rhode Island can be a national leader in energy policy. Earlier this month, I appointed a Chief Energy Advisor and announced a 5-point energy policy to make us that leader. My plan will:

1. Promote conservation;
2. Increase LNG supplies without building in populated areas;
3. Provide assistance to the most vulnerable;
4. Reform the unfair electricity pricing system in New England. At present, the producers of oil and natural gas are reaping enormous windfall profits. That leaves every consumer holding the bag! That’s wrong and we need to change it.

5. Finally, we will vigorously pursue renewable sources of energy.

At present, Rhode Island has no major source of energy. We produce no oil or natural gas. My goal is to use wind power to produce 15% of Rhode Island's energy needs. And my administration is already working hard to make this a reality.

We all know that our natural beauty is at the heart of our quality of life. Our citizens readily support efforts to preserve open space, and protect our most precious resource, Narragansett Bay.

Last year we added 2,300 acres of open space throughout the state. Since I took office, we have added 8,400 acres. And Narragansett Bay is getting cleaner. We have reduced pollution and cut the number of beach closure days in half. I will ask the voters to approve an additional \$25M Clean Water bond this year to finish the task.

Construction is now underway on my plan for a Bay Island Park System. Now, more Rhode Islanders – especially those living in urban areas – will be able to enjoy the jewels of Narragansett Bay.

Last summer, Sue and I took our grandchildren on the Save the Bay boat, from Providence to Colt Park. It was a special day for us. More Rhode Island families should have that opportunity.

To accomplish all of this, we will work together. We have worked together well this past year on economic development, pension reform, and tax relief.

Let's keep the momentum going.

- Let's get tougher on drunk drivers,
- Tougher on sexual predators,
- Limit the power of government to take homes by eminent domain, and
- Reform the medical malpractice insurance system.
- And, pass a Voter Initiative Constitutional Amendment

And we must enact new legislation to ensure that no Rhode Islander will lose their home because of a \$450 sewer tax lien. Who can forget the awful image of 81 year old Madeleine Walker being evicted from her home of 50 years on a cold day just before Christmas? Predatory tax sales like this must stop now!

I also ask that you reject an idea that is not in the public interest. Amending our State Constitution for the self-interest of an out of state casino corporation would be a travesty. Such an amendment would be unprecedented.

I know that we can work together to get this done.

For inspiration, we need only look to the example of Rhode Islanders who responded to Hurricane Katrina. They rose to the occasion and demonstrated tremendous

compassion and generosity. We welcomed nearly 500 of our fellow Americans who lost everything they owned. They arrived here with only the clothes on their backs, and a few bags of belongings.

Many of our local businesses and community organizations donated furniture, clothing, food, and much much more to make our guests as comfortable as possible. For all of that, I thank you.

Another group of our citizens went above and beyond – they went to New Orleans and Mississippi on a days notice. Our National Guard military police unit went to New Orleans. Many of them had only recently returned from Iraq.

Regarding their performance, I received an email from the commander of the USS Iwo Jima. In his words, “To their credit, they were the first to enter the Convention Center and restore order with only 140 troops though the mission called for more than 500. They saved 15 lives and evacuated hundreds.” He called them “huge heroes from a small state”.

Our Urban Search & Rescue Team led a four-state team in Mississippi to recover victims of that devastation, and reconcile missing person’s reports. That is hazardous, tedious, painstaking work.

Here tonight, representing those who responded to Katrina are two great Rhode Islanders:

- Private Eric Carrier from the 119<sup>th</sup> Military Police Unit;
- Task Force Leader, Curt Varone of our Urban Search and Rescue Team.

Please congratulate them on such a great job.

In summary, my message is clear; the state of our state is strong! I love this state! There is so much to be proud of.

Our economy is flourishing.

Our rich history makes us a magnet for visitors from around the world.

The vibrancy and vitality of higher education makes us an international center for innovation.

Our people are demanding a civic culture that encourages hope, not cynicism. Where corruption will find no refuge.

We are making our government less of a burden, and more of a catalyst.

And Rhode Island is, once again, being seen as a leader in the nation, just as it was at the birth of our nation.



Finally, there is no greater pride that we all have than that in the men and women of our armed forces. The Rhode Island National Guard has distinguished itself time and again in the global fight against terrorism. They and their families have sacrificed mightily on our behalf.

Last month two of our soldiers were both personally awarded the Purple Heart by President Bush for injuries sustained in Iraq.

They are SPC David Dyer and SPC. Chad Danusis. They could not be with us tonight because they are still undergoing treatment. Representing them and all our national guard are Specialist Nathaniel Deitch and Sergeant First Class Ted Marrero. Please join me in thanking them, and all their fellow soldiers, sailors, marines, and airmen.

In honor of all our men and women in uniform, please join the First Lady and me singing "God Bless America".

Good Night!